

Message Text

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ACTION AF-06

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R 121400Z MAR 76

FM AMCONSUL JOHANNESBURG

TO AMEMBASSY LUSAKA

AMEMBASSY KINSHASA

SECSTATE WASHDC 4517

AMEMBASSY PRETORIA

AMCONSUL CAPE TOWN

AMEMBASSY DAR ES SALAAM

AMEMBASSY GABORONE

AMEMBASSY MAPUTO

AMEMBASSY MASERU

AMEMBASSY MBABANE

AMCONSUL DURBAN

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E.O.11652: N/A

TAGS: PFOR, EMIN, SF, MZ ZA, CG

SUBJECT: ZAIRES COPPER EXPORTS

REF: A) LUSAKA 0606 (NOTAL) B) JOHANNESBURG 349 (NOTAL)

1. IN LIGHT OF POSSIBLE OPTIONS RAISED IN REF A, WE ARE REPEATING
PERTINENT PORTIONS OF JOHANNESBURG 349 (REF B) FOR YOUR INFORMATION.

YOU MAY WISH TO NOTE, IN PARTICULAR OUR PARA 4 RELATIVE TO A
CONTINGENCY EXPORT PLAN RECENTLY ADOPTED BY SOUTH AFRICAS
PALABORA MINING COMPANY. WHILE WE DO NOT REPEAT NOT SUGGEST
THAT COPPER FROM ZAIRE IS CUREENTLY MOVING THROUGH ZAMBIA INTO
RHODESIA AND OUT VIA SOUTH AFRICA AS OFFERED IN YOUR OPTIN B
(REF A, PARA 2-B), YOU MAY NONETHELESS FIND PALABORAS
MODIFIED EXPORT PROGRAM TO BE OF INTEREST. PALABORA IS LOCATED

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IN THE NORTHEASTERN TRANSVAAL, NEAR SOUTH AFRICAS BORDERS

WITH RHODESIA AND MOZAMBIQUE. GIVEN THE DEPRESSED RAIL FREIGHT RATES JUST GRANTED TO THIS COMPANY BY THE SOUTH AFRICAN RAILWAYS (FOR SHIPMENTS FROM PALABORA TO SOUTH AFRICA'S EAST LONDON PORT), IT MAY FOLLOW THAT OTHERS COULD BE INCLUDED AS WELL (NOW OR LATER). IF SO, YOUR OPTION B MAY REPEAT MAY BE AT LEAST AN ECONOMIC CONSIDERATION FOR EXPORTERS IN ZAMBIA ZAIRE AND RHODESIA.

2. PARAS 2-4 OF REF B FOLLOW: QUOTE: IN RESPONSE TO PARA 2, REF A, OUR SOURCES HERE CLAIM THAT MOVEMENT OF SOUTH AFRICAN CHROME ORE THROUGH MAPUTO IS CURRENTLY A MIXED BAG. REPORTEDLY, ALL RAIL SHIPMENTS OF SOUTH AFRICAN RPT SOUTH AFRICAN CHROME ORE ARE CONTINUING TO MOVE NORMALLY ACROSS THE BORDER INTO MOZAMBIQUE, BUT THAT PRIME ORE CONTRACTOR, LARGE-CARRIER, LOADINGS AT THE PORT HAVE BEEN DELAYED SIGNIFICANTLY DURING PAST TWO WEEKS. CONVERSELY, SMALL SHIPS INTERESTED IN ACCEPTING LIMITED TONNAGES OF SURPLUS ORE ONLY (2,000-4,000 TONS OF ORE) ARE BEING LOADED WITHOUT TIME-DELAY DIFFICULTIES. SOUTH AFRICAN EXPORTERS HAVE EXPERIENCED THIS SITUATION IN THE PAST AT MAPUTO, GIVEN A HISTORY OF POLITICAL DIFFERENCES BETWEEN THE TWO COUNTRIES ON ONE HAND AND PERIODIC INTERNAL PORT LABOR PROBLEMS ON THE OTHER. THEY ARE THUS (FOR THE MOMENT AT LEAST) "WAITING FOR FURTHER DEVELOPMENTS" --ALBEIT NOT WITHOUT CONTINGENCY PLANS.

3. ALL SOUTH AFRICAN CHROME ORE EXPORTERS CONTACTED BY THE MINERALS OFFICER STATED THAT PLANS ARE WELL ADVANCED FOR A SHORT-NOTICE DIVERSION OF SHIPMENTS THROUGH DURBAN AS AN EMERGENCY MEASURE IF NECESSARY, AND FOR MORE PERMANENT, LARGE-VOLUME, MOVEMENTS ON THE LONGER RANGE. THE OUTLOOK INDICATES THAT DURBAN'S PRESENTLY UNDER-UTILIZED PORT CAPACITY (REF B), ITS FURTHER DE-EMPHASIS VIS A VIS COAL EXPORTS (AS THE NEW RICHARDS BAY COAL PORT ESCALATES IN IMPORTANCE), AND POTENTIALLY ADJUSTABLE RAIL FREIGHT RATES TO THE PORT (CURRENTLY UNDER REVIEW) (FROM SOUTH AFRICA'S CHROME MINE AREAS IN THE TRANSVAAL) HOPEFULLY WILL COMBINE TO MAKE DURBAN SOUTH AFRICA'S PRINCIPAL CHROME ORE EXPORT PORT OF THE FUTURE.

4. FYI: A PARALLELL CONTINGENCY PLAN REPORTEDLY WENT INTO LIMITED OFFICIAL USE

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EFFECT SEVERAL DAYS AGO -- IN COPPER. WE UNDERSTAND THAT PALABORA MINING COMPANY SWITCHED ITS EXPORT SHIPMENTS OF COPPER METAL FROM MAPUTO TO EAST LONDON IN SOUTH AFRICA AS A SHORT TERM SAFETY MEASURE, BUT WITH LONG RANGE POSSIBILITIES AS WELL. SOUTH AFRICAN RAILWAY (SAR) AUTHORITIES ARE REPORTED TO HAVE GIVEN PALABORA AN EMERGENCY-ORIENTED DEPRESSED FREIGHT RATE TO EAST LONDON (790 MILES) COMPARABLE TO THAT PREVIOUSLY PAID BY THE COMPANY TO

MAPUTO (175 MILES). THE DEPRESSED RATE IS A TEMPORARY
EXPEDIENT ONLY, UNDERSTANDABLY UNFAVORABLE TO SAR,
AND NOT EXPECTED TO REMAIN IN EFFECT FOR AN EXTENDED PERIOD.
IT IS NONETHELESS CLEAR THAT THE SOUTH AFRICAN GOVERNMENT
INTENDS TO PROTECT ITS OWN INTERESTS AND THAT A JOINT PALABORA/
SAR EFFORT WILL BE MADE SOON TO FORMULATE CHARGES SUITABLE
TO PALABORA'S ECONOMIC FRAMEWORK AND TO SAR. WE MAY
EXPECT TO SEE SIMILAR, AND EARLY, ADJUSTMENTS IN FAVOR
OF THE COUNTRY'S CHROME ORE EXPORTERS ALSO. END FYI.
END OF QUOTE.
GUTHRIE

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